

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 851 - HB 1730

March 24, 2011

SUMMARY OF BILL: Classifies a facility that extracts, purifies, dehydrates, or treats landfill methane to render it eligible for transportation by natural gas pipelines as a qualified pollution control facility for the purposes of assessing value for ad valorem taxes.

ESTIMATED FISCAL IMPACT:

Decrease Local Revenue –\$7,500

Assumptions:

- One facility in the state, located in Hawkins County, is treating landfill Methane to render it quality eligible for transport by a natural gas pipeline.
- Based on information provided by the Comptroller of the Treasury, the provisions of this bill will effectively reduce the tax rate on tangible personal property for one private facility from \$2.705 per \$100 of assessed value to 0.5 percent.
- According to the Comptroller, the estimated appraised value for the Hawkins County facility is \$700,000. The classification rate would be 40 percent. At the current tax rate the amount of tax due is \$7,574 ($\$700,000 \times .40\% \times \0.02705). By receiving this special valuation, the amount of tax due would be \$95 ($\$700,000 \times 0.005 \times \0.02705) resulting in a decrease in local revenue of \$7,479 ($\$7,574 - \95).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White".

James W. White, Executive Director

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